

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672
4530 HHS HB 157 - HB 188

HB

157

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House HESS 4/14/87 and 4/27/87

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/2/87

FURTHER REFERRALS: Finance

DATE: CS HB 157 (HESS)

The Health, Education and Social Services Committee has considered HB 157

"An Act relating to public assistance; and providing for an effective date."

RECOMMENDS:

- replace with CS HB 157 (HESS) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

McK...

SIGNING OTHER RECOMMENDATIONS:

Bill Heller NO Rec.

Gene H. Ouley NO Rec.

George H. ... No Rec.

Ellis NO REC.

... NO REC.

... No Rec.

...

co-chairman's signature

...

HB 157 An Act relating to public assistance; and
 providing for an effective date.

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- 4) Zero Fiscal Note, Assistance Payments, 2/23/87
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- 6) Letter, Alaska Legal Services Corporation,
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- 8) Adult Public Assistance and Interim Assistance,
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STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 27, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

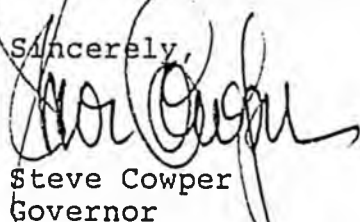
Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to make three modifications of the public assistance statutes. This bill is another essential step in the state's effort to meet the current budget crisis.

Section 1. The repeal of AS 47.25.455 eliminates the "interim assistance" under the adult public assistance program. Essentially, that statute provides for state assistance of at least \$280 a month to a person who is eligible for assistance under the state statutes while his or her eligibility under the federal supplemental security income program is being determined.

Section 2. Under current state law (AS 47.25.320(d) and 47.35.430(b)), if federal benefits under the aid to families with dependent children program and the adult public assistance program are increased because of an increase in the cost of living, a corresponding increase in state benefits is required. However, the state will not be out of compliance with federal requirements if the operation of these state statutes is suspended. Section 2 of the bill suspends the state's cost-of-living adjustment requirements for these two programs for one year. It is the intent that, when these statutes again become applicable, they will not be given retroactive effect. In other words, if there is a three percent cost-of-living increase in FY 88, while these requirements are suspended, and another one in FY 89, only that second three percent increase would be given effect.

Sincerely,


Steve Cowper
Governor

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

CSHB 157 (HESS)

Bill Version: _____
Publish Date: _____

REQUEST: _____

Revision Date: April 27, 1987

Agency Affected: Health & Social Services
BRU: Assistance Payments BKU

Title: An act providing for APA payments
and for refund of certain payments

Sponsor: Rules Committee

Components: Adult Public Assistance
(APA)

Requestor: Governor

THIS FISCAL NOTE IS BASED ON THE HOUSE FINANCE FY88 BUDGET

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	(400.0)	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	400.0	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: (Attach a separate page if necessary) The original version of HB 157 provided the Governor with a vehicle to accomplish in statute what he had already proposed in his FY88 Budget: suspension of the AFDC and APA COLAs and elimination of the Aid to the Disabled Interim Assistance Program. However, contrary to the Governor's FY88 Budget, the FY88 Budget adopted by the House Finance Committee fully funds both programs. However, to achieve cost savings, the House HESS Committee has substantially amended HB 157 by changes to the Interim Assistance program. This fiscal note therefore addresses the costs savings achieved by CSHB 157 (HESS). This fiscal note generates \$400.0 in Federal funds to partially off-set \$400.0 in General Funds currently contained in the FY88 House Finance Committee Budget for the Interim Assistance program.

Prepared by: John R. Taber, Director

Phone: 465-3347

Division: Division of Public Assistance

Date: 4-30-87

Approved by Commissioner: Mary M. Muenner

Date: 4/30/87

Agency: Department of Health & Social Services

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

The House HESS Committee Substitute for House Bill No. 157 amends AS 47.25.455 but does not eliminate the Interim Assistance program, as proposed in the FY88 Governor's budget; however, the changes to the Interim Assistance program proposed by CSHB 157:(HESS) will result in a significant cost savings to the State.

Background on the Interim Assistance Program

Adult Public Assistance (APA) applicants who claim to be disabled and whose income is below the Social Security Administration's Supplemental Security Income (SSI) program income qualifying limits must apply for SSI and have their disability determined by Social Security. It takes Social Security an average of approximately 111 days to make a disability decision. If a decision is positive, SSI benefits are provided retroactive to the date of SSI application. Regular Adult Public Assistance benefits are also provided back to the date of APA application.

AS 47.25.455 provides that otherwise-eligible APA applicants awaiting an SSI disability decision will receive \$280 per month in state-funded "Interim Assistance."

A 1986 Alaska Supreme Court decision found that Interim Assistance had to be continued for applicants who received a negative initial SSI disability decision, provided that they were pursuing their appeal rights through the three-stage SSI appeals process. Approximately 69 percent of all initial SSI disability decisions are denied; almost 60 percent of those denied applicants who appeal are found eligible at some point in the appeals process. About 53 percent of all applicants are eventually determined to be eligible for assistance.

Background on the Genesis of HB 157

The Governor's FY88 budget reduced the Adult Public Assistance component by \$1008.0, for the elimination of the Aid to the Disabled Interim Assistance coverage.

On March 2, 1987, HB 157 was introduced into the Alaska House of Representatives by the House Rules Committee at the request of Governor Cowper.

Section 1 of the bill would have eliminated Interim Assistance payments and Section 2 of the bill would have suspended the COLA increase due to take effect on January 1, 1988 for the AFDC and APA programs. The Governor's FY88 Budget was written with the assumption that HB 157 would pass [i.e., if this proposed legislation did not pass, the projected FY88 COLA savings of \$782.8 and the projected Interim Assistance savings of \$1,008.0 (for a total of \$1,790.8) had to be restored to the FY88 Assistance Payments BRU budget request]. Therefore, this department prepared a zero fiscal note for HB 157 because the dollars saved by this proposed legislation had already been removed from the Governor's FY88 Budget request.

House Finance Budget

The FY88 budget approved by the House Finance Committee on Wednesday, April 29, 1987, includes \$782.8 for the FY88 COLA and \$1008.0 for continuation of the Interim Assistance program in FY88.

This fiscal note we have therefore prepared for CSHB 157 (HESS) reflects the impact to the FY88 House Budget where full COLA and Interim Assistance cost have been restored.

Effect of CSHB 157 (HESS)

House Bill 157, as revised by HESS, proposes changes to -- but does not eliminate -- the Interim Assistance program.

The proposed amendments to AS 47.25.455 would authorize implementation of an Interim Assistance Agreement with the Social Security Administration. As a part of this agreement, Interim Assistance applicants would be required to assign their retroactive SSI checks to the State. The State would use part of those funds to reimburse itself for the amount of Interim Assistance paid while awaiting the SSI eligibility decision. Applicants would also no longer be eligible to receive retroactive APA payments for the months in which they received Interim Assistance.

Implementation of the proposed amendments would produce estimated general fund savings of 400.0 in the FY88 House Budget.

Fiscal Year 88 Impact of CSHB 157 on Aid to the Disabled Interim Assistance Program on the House Budget:

The FY88 House Finance Budget: 300 Interim Assistance clients at \$280 monthly payment for 12 months.	\$1008.0	General Fund	
FY88 Interim Assistance General Fund program savings with changes proposed by CSHB 157 (HESS)	(400.0)	General Funds	
FY88 Federal funds received to reimburse state for the amount of Interim Assistance paid to clients awaiting the SSI eligibility decision.	400.0	Federal Funds	
FY88 House Finance Budget for Interim Assistance program with the Fiscal Note	\$1008.0		
		Funding Source:	
		General Fund	608.0
		Federal	400.0

POSITION PAPER

House Bill No. 157

An "Act relating to public assistance; and providing for an effective date."

BACKGROUND:

I. Repeal of Interim Assistance

House Bill No. 157 would eliminate Interim Assistance payments. The Interim Assistance program was designed to provide temporary cash assistance to APA applicants pending SSI's final decision of eligibility. Caseload data clearly indicates that the Interim Assistance program is providing benefits to individuals about thirty percent (30%) of whom are ultimately found to be ineligible for Adult Public Assistance benefits. These benefits are never recovered by the state.

Discontinuance of Interim Assistance benefits would result in elimination of one source of immediately available funds for individuals pursuing SSI claims.

Adult Public Assistance (APA) applicants whose income is within the Social Security Administration's Supplemental Security Income (SSI) program income limits are required to concurrently apply for the SSI program. AS 47.25.455 provides for Interim Assistance payments of \$280 per month to those individuals who are waiting for an eligibility decision from the Social Security Administration.

Eligibility for APA benefits for persons with income within SSI limits is based on SSI's eligibility decision. A finding of no SSI eligibility results in denial of APA benefits and termination of Interim Assistance payments. Approval of the SSI application results in a finding of APA eligibility. When an individual goes through the Interim Assistance process and is finally found eligible for retroactive APA benefits, the amount of the client's retroactive benefits could be reduced by the amount of Interim Assistance the client received while awaiting the SSI determination. Interim Assistance payments to individuals who are found ineligible for SSI are simply terminated. The recipient incurs no liability to repay. A 1986 Alaska Supreme Court decision requires that Interim Assistance payments be continued to applicants who have received an initial finding of ineligibility from SSI if they are pursuing an appeal of the SSI finding. The three-stage SSI appeal process often lasts for one year or more.

SSI's 1986 Alaska caseload data show a 75 percent initial denial rate for applications based on disability and blindness, and a 56 percent denial rate for applications based on age. Average processing time

for disability/blindness claims was 111 days. Approximately 60 percent of initial findings of ineligibility on SSI disability/blindness claims are reversed on appeal. More than 90 percent of the Interim Assistance caseload consists of individuals applying for Aid to the Blind and Aid to the Disabled.

Thus, for every 100 people who receive Interim Assistance, about 31 are eventually determined to be not entitled to this aid.

Although eliminating the Interim Assistance program will reduce the number of options available to individuals to meet their short-term needs, the General Relief Assistance program and the General Relief Medical programs would continue to meet a portion of their emergent needs.

Passage of House Bill No. 157 would result in significant savings in APA program costs while assuring continued benefits at current levels to the population the program is intended to serve: the needy aged, blind, and disabled. This is a far more equitable way to effect necessary program expenditure reductions than the alternative, which is reducing APA payment standards.

II. Suspension of AFDC and APA COLA's for FY88

Existing state statutes provide that, when federal Social Security and Supplemental Security Income benefits are granted a percentage increase as a result of a national increase in the cost of living, Adult Public Assistance and Aid to Families with Dependent Children (AFDC) payments will increase by the same percentage.

Normally, these increases occur each January 1. In 1984 and 1985, the increases were 3.5 percent; in 1986, the increase was 3.1 percent; and in 1987 the increase was 1.3 percent. We are currently estimating that the January 1, 1988 increase will be 2.0 percent, but we will not receive the actual figure from federal sources until October, 1987.

House Bill No. 157 would eliminate the January 1, 1988 cost-of-living increase, with no retroactive entitlement to this cost increase in later years. However, this bill only suspends this adjustment for one year, allowing the existing statutes to apply automatically in subsequent years.

The Department views the suspension approach as an extremely important aspect of this measure. The automatic cost-of-living provisions in Alaska's law are an enlightened way to prevent benefits from being seriously eroded by inflation-caused decreases in real purchasing power. Without this protection, the State's needy dependent children and needy aged, blind, and disabled persons would have to depend upon periodic legislative action to provide the increases necessary to maintain the goal of providing assistance in amounts essential to preserving health and dignity.

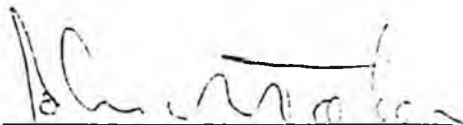
Governor Cowper observed that proposing a one-year suspension of the annual cost-of-living increase was "another essential step in the state's effort to meet the current budget crisis." As a part of necessary expenditure reductions, House Bill No. 157 is the approach least harmful to our assistance recipients. It is preferable to forego a modest payment increase next January rather than impose an equal or greater decrease in their current payments throughout FY88.

RECOMMENDATION:

This legislation is required to remain within the Governor's budget for FY88. If House Bill No. 157 fails, the requested appropriation will be inadequate to fund the formula needs of the AFDC and APA programs in FY88.

Support passage of HB No. 157.

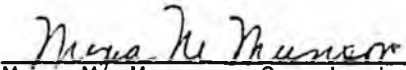
Recommended by:


John R. Taber, Director
Division of Public Assistance

Date:

4/1/87

Approved by:


Myra M. Munson, Commissioner
Department of Health and
Social Services

Date:

4/17/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 157
Publish Date: HOUSE 3/2/87

Revision Date: _____
Title: An act suspending COLAs for AFDC, APA, and elimination of AD Interim
Sponsor: Rules Committee
Requestor Governor

Agency Affected: Health & Social Services
BRU: Assistance Payments BRU

Components: AFDC, Adult Public Assistance (APA)

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

The FY88 Governor's budget assumes the suspension of the AFDC and APA FY88 COLA and elimination of the Aid to the Disabled Interim Assistance program. It is important to note that the dollars saved by this proposed legislation have already been removed from the Governor's FY88 budget request. In other words, if this legislation does not pass, projected FY88 COLA savings of \$782.8 and projected Interim assistance savings of \$1,008.0, for a total of \$1,736.8 must be restored to the Assistance Payments BRU FY88 budget request.

Prepared by: John R. Taber, Director Phone: 465-3347
Division: Division of Public Assistance Date: 2-23-87

Approved by Commissioner: Maria M. Newman Date: 2-23-87
Agency: Department of Health & Social Services

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Suspension of AFDC (AS 47.25.320(d)) and APA (AS 47.25.430(b) January 1, 1987 COLA.

These state statutes require that AFDC and APA payments increase each January 1 by the same percentage increase as provided under federal law each January to Social Security, and Supplemental Security Income recipients. The FY88 AFDC Governor's budget excluded a 2.0% COLA effective January 1, 1988. If legislation that suspended the automatic cost-of-living escalator clause were enacted, it would reduce FY88 AFDC formula need by 611.4 (305.7 general fund).

The FY88 APA Governor's budget excluded a 2.0% COLA effective January 1, 1988. Legislation that suspends the automatic cost-of-living escalator clause would reduce FY88 APA formula need by 171.4 general fund.

Suspension of the AFDC and APA COLA are considered as a temporary measure only in view of falling State revenue and the diminished availability of resources to fund COLA increments in the near term.

The FY88 Governor's budget reduced AFDC and APA by 611.4 and 171.4 respectively in anticipation of suspension of the FY88 COLA proposed by this legislation.

	<u>Total</u>	<u>Federal</u>	<u>GFM</u>
<u>Aid to Families with Dependent Children</u>			
<u>(AFDC) component:</u>			
8251 AFDC caseload (January - June 1987) x \$12.35 average payment increase with 2.0% COLA effective 1/1/88 x 6 months	611.4	305.7	305.7
<u>Adult Public Assistance (APA) component:</u>			
5289 APA caseload (January - June 1987) x \$5.40 average payment increase with 2.0% COLA effective 1/1/88 x 6 months	171.4		171.4
TOTAL FY88 AFDC and APA component savings with suspension of COLA.	782.8	305.7	477.1

Repeal of AS 47.25.455 that eliminates the "Interim Assistance" under the Adult Public Assistance Program.

Adult Public Assistance (APA) applicants who claim to be disabled and whose income is below the Social Security Administration's Supplemental Security Income (SSI) program income qualifying limits must apply for SSI and have their disability determined by Social Security. It takes Social Security an average of approximately 80 days to make a disability decision. If the decision is positive, SSI benefits are provided retroactive to the date of SSI application. Regular Adult Public Assistance benefits are also provided back to the date of APA application.

AS 47.25.455 provides that otherwise-eligible APA applicants awaiting an SSI disability decision will receive \$280 per month in state-funded "Interim Assistance."

A 1986 Alaska Supreme Court decision found that Interim Assistance had to be continued for applicants who received a negative initial SSI disability decision, provided that they were pursuing their appeal rights through the three-stage SSI appeals process. Almost 60 percent of all initial SSI disability decisions are denied; almost 60 percent of those denied applicants who appeal are found eligible at some point in the appeals process.

The FY88 Governor's budget reduced the Adult Public Assistance component by 1008.0 for the elimination of the Aid to the Disabled Interim Assistance coverage.

Assistance Payments BRU
Adult Public Assistance Component

Aid to the Disabled Interim Assistance

300 AD Interim Assistance clients x \$280 monthly payment x 12 months
for a FY88 APA component savings of 1008.0.

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION

763 SEVENTH AVENUE
FAIRBANKS, ALASKA 99701
TELEPHONE (907) 452-5181 OR 456-5401

April 20, 1987

Niilo Koponen, Co-Chair
House HESS Committee
House of Representatives
Pouch V
Juneau, Alaska 99811

Re: Interim Assistance and HB 157

Dear Niilo:

Thank you for requesting information concerning the impact of suspending interim assistance payments or, alternatively, recapturing those payments from retroactive federal benefits once an applicant receives a favorable decision on a disability application.

Interim assistance benefits of \$280.00 per month are paid to individuals who have applied for both federal Social Security (or SSI) and state Adult Public Assistance disability benefits. The interim payments are paid during the interval between application and final administrative decision. Once a favorable decision is made by the federal government, the applicant then receives monthly Social Security or SSI benefits. The State of Alaska supplements these federal benefits in an amount that assures each applicant of at least \$623.00 per month. (The amount is less if the individual receives in-kind income in the form of both food and shelter in another person's home; and is less per person if both individuals in a couple are eligible.) The average state supplement is \$283 per month. (Current SSI payment is \$340 per month, and the state supplement is \$283, for a total of \$623 per month).

As you can see, the interim assistance payment of \$280 per month is very close to what the state will pay as a regular supplement once the individual is determined to be disabled. In reality, this means that disabled people must, during the federal disability application process, live on less than one-half of what they will ultimately receive as a minimum income compatible with decency and good health. And, unless the individual meets one of the qualifying criteria for the greatly reduced General Relief Medical program, that person will have no medical benefits coverage during

this application process. Eligibility for Medicaid begins only with approval to receive SSI or state of Alaska Adult Public Assistance benefits.

The single biggest problem that faces disability applicants is the length of time it takes for them to reach the hearing stage of the federal appeal process. In our experience, it is not unusual for an applicant to eventually have a hearing some 12 to 18 months after the date of initial application. There is usually a delay of another 3 to six months following the hearing, waiting for the written decision and then waiting for the federal bureaucracy to begin making the monthly disability payments. One to two years is a long time for a disabled individual to survive, without medical benefits, on just \$280.00 per month. Many fall behind in rent or mortgage payments, property taxes and insurance, car payments, child support payments and the like. They just barely subsist economically, and usually suffer additional psychological problems such as anxiety and depression from the lengthy ordeal and the feeling that they are viewed as able to work if they really wanted to. Except for the most dedicated non-worker, only a really desperate and disabled individual would be willing to go through a process so humiliating, so poverty-stricken, and so filled with anxiety.

Once the applicant reaches the hearing stage, however, his or her chances of finally proving that they are in fact disabled increase dramatically. In a review of some 50 disability cases handled by the Fairbanks ALSC office in the past four years, 80% were successful finally as a result of the administrative law judge's decision. Among the 20% that we did not count as a successful outcome, however, were 3 or 4 individuals who simply moved out of the state and who may have been successful in another location.

The types of individuals most commonly using the interim assistance program are the chronically mentally ill (from 18 to 65), or 40-65 year-old individuals who once worked but can, for one reason or another, no longer work at their former occupations and are not retrainable because of disabling pain, or a combination of age and lack of relevant educational and vocational abilities.

Of the 50 Fairbanks ALSC cases reviewed, 17 of the applicants had chronic mental illness; 14 were

ultimately successful at the hearing stage of the appeal process based on the chronic mental illness. The Fairbanks office currently has 15 open disability cases. Seven of these involve individuals with chronic mental illnesses. Among the remaining cases, one has a heart condition and had by-pass surgery in San Francisco; one speaks virtually no English, is 63 years old, and suffers chronic arthritic pain; another has chronic infections which don't heal due to diabetes and suffers from a distended stomach caused by a hernia that cannot be surgically repaired without even greater risk to the patient than non-intervention; one shattered her vertebrae in a fall two years ago and is in intensive therapy to relieve pain and strengthen the back; one has lupus and fibromyalgia and is in constant pain, anxiety and depression. It is impossible to conceive of any work environment where these individuals would be able to perform adequately and support themselves.

Interim assistance recipients are just barely surviving. I suspect most of them would become even more expensive public charges if their monthly stipend were discontinued.

The question of whether the state should reduce its expenditure for this program by seeking to recoup the interim benefits paid by the state from the federal retroactive benefits is more difficult to answer. If the choice is no recoupment - no interim assistance, then the answer must be that these applicants need the money now and I am certain the majority would opt to receive these monthly benefits, understanding that the total amount would be recouped upon successful completion of the disability application process. When you are between a rock and a hard place, however, you do not have the liberty to make the optimally best decision.

The proposal that the state recoup the interim benefits, however, unwittingly puts the state in the position of benefitting from a long and drawn-out appeal process. Once the applicant is found to be disabled, the state must begin to pay the Adult Public Assistance supplement, which, for some, will be equal to the interim assistance payment. For some, of course, whose Social Security benefits are more than the SSI amount of \$340 per month, the state supplement would be less. The longer the appeal process, the more interim benefits the state can recoup. The shorter the appeal process, the sooner the state must start to pay the non-recoupable

supplement.

If the state in fact paid the Adult Public Assistance supplement retroactively, just as the federal government does, there wouldn't be much for the state to recoup. The rationale for why the state does not pay retroactive benefits is that they provide the interim payments instead. Now the state is proposing to have it both ways.

While we acknowledge that the state has difficult financial choices to make, we feel the disabled poor are among the most disadvantaged and vulnerable people in this state. It hardly seems fair that they should be made to pay such a heavy price for the state's budget woes. Indeed, once a disabled person is successful and does receive a retroactive sum, they are usually in a position to pay back rent, mortgage payments, medical bills, and other critical and overdue bills. More than one client has told me that the money arrived just in the nick of time to prevent foreclosure, repossession of the family automobile, or the like. If the entire retroactive sum goes to the state, and even when receiving the full \$623 a month, the disabled will never have enough money to climb back out of the hole into which they have slipped during the one or two years of living at the \$280.00 per month level.

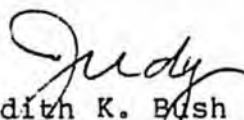
I must also point out that recoupment affects only the most deserving individuals, because, in order to have anything to recoup, the person must prove that he or she is disabled. The smaller number who lose their cases or simply do not pursue them, never have to pay the interim assistance back to the state. There is something fundamentally unfair about a system that works this way.

It seems more productive and much less harmful to work on a system to recoup all medical benefits paid by the state-funded GRM program by establishing Medicaid eligibility retroactive to the date of eligibility for the disability benefits programs. In fact, if the state were successful in recouping the Medicaid 50% federal share for the many individuals who are eventually successful in their disability claims, there is good reason to continue providing GRM benefits throughout the entire appeal process, instead of terminating them after the first denial notice from Social Security, as is the practice now.

In conclusion, I wish to address the idea of speeding up the disability appeal process. We are in full support of any quality effort to accomplish that goal. However, an emphasis on speed, without more attention to the high initial denial rate and subsequent successful appeal rate, will result in more speedy denials, not better initial decisions. If the focus were on better initial decisions, then the lengthy appeal process issue would resolve itself. If fewer applicants were bound up in the appeal process, it would logically operate more efficiently. The emphasis needs to be placed on helping the Disability Determination Unit in the Department of Education in Anchorage make better initial decisions. Once the initial and reconsideration decisions are made there, however, it is difficult to perceive how the state can influence the timing of the federal agency hearings, how fast the ALJ's write their decisions, and how fast the Social Security Administration is able to process the paper work to begin making monthly payments. A quick fix and emphasis on speed will not solve the problems which we have described herein.

Thank you for this opportunity to explain the importance of the interim assistance program to our clients and other low-income disabled people of Alaska.

Sincerely yours,


Judith K. Bush
Supervising Attorney

JKB:amg

cc: Johnny Ellis
Mark Boyer
Myra Munson

LAW OFFICES OF
ALASKA LEGAL SERVICES CORPORATION

419 SIXTH STREET, SUITE 322
JUNEAU, ALASKA 99801

TELEPHONE (907) 586-6425

April 21, 1987

Representatives Johnny Ellis and Niilo Koponen
State of Alaska
House HESS Committee, Co-Chairs
State Capitol
Juneau, AK 99801

Re: House Bill 157

Dear Representatives Ellis and Koponen:

This letter is in response to your request for our assessment of the impact of the elimination of interim assistance on its recipients. I am an attorney for Alaska Legal Services Corporation in Juneau. During the past two and one-half years I have represented numerous claimants for Supplemental Security Income (SSI). Those claimants have invariably received interim assistance while awaiting a federal disability decision.

SSI is a federal disability program for low-income, disabled persons. The legal standards for federal disability are rigorous. Rarely have we represented a claimant who succeeded in his or her claim prior to a face-to-face hearing before a federal administrative law judge. In my experience, the time between initial application and a hearing decision is around two years. Meanwhile, the claimant receives nothing from the federal government. Interim assistance is, for many of our clients, the only source of monthly income during this process.

In order to receive interim assistance, a claimant must be low income and have few resources. He must also present a physician certification that he is disabled within the meaning of the Social Security Act, which means that his disability will last for twelve months or result in death. Thus, the recipients of interim assistance are in dire straits. They are low-income and in poor physical and/or mental health.

Some Committee members have explored ways to save money in the program while maintaining the monthly payments. Given those sentiments, certain cost-saving measures could be implemented. One such measure mentioned repeatedly is repayment of interim assistance paid from successful claimants' federal awards, which upon certification of disability, are retroactive to the date of initial disability.

We feel that SSI clients should be allowed to keep their federal monies. We realize that the decision regarding repayment from recoupment is a difficult one. If failure to change the program

Representatives Ellis and Koponen
April 16, 1987
Page 2

to require repayment means the elimination of the program, our clients would obviously be better off than with no interim assistance program at all.

Other cost-saving measures could be implemented. For example, the Department of Public Assistance estimates that sixty percent of applicants are eventually successful in their disability claims. See Position paper at 2. Our office statistics during the past three years indicate that our clients have won their SSI hearings about ninety percent of the time. Given the success rates of represented claimants, the State would be well served to employ a worker or workers who are familiar with the disability process to work with the agency which evaluates disability claims.

The evaluating agency is the Disability Determination Unit (D.D.U.) in the Department of Education. The D.D.U. conducts the initial determination and a reconsideration of the determination if a claimant is unsuccessful at the initial stage and appeals that decision. Our experience is that the disability process within the D.D.U. is extremely slow. Moreover, according to the Department of Public Assistance, only twenty-four percent of applicants are successful at the initial stage. Position Paper at 1. Placement of a D.P.A. employee in the D.D.U. could speed up the process and hopefully result in findings of disability earlier in the process. Earlier favorable decisions would mean that applicants would be covered sooner under Medicaid, which is fifty percent federally funded.

The above are some suggestions on ways to improve the disability process without eliminating interim assistance. On behalf of the neediest segment of Alaska's society -- low-income, disabled persons -- we request that H.B. 157 not be passed in its current form.

We appreciate this opportunity to express our views on this issue of immense importance to many of our clients.

Sincerely,

ALASKA LEGAL SERVICES CORPORATION

Vance A. Sanders

VANCE A. SANDERS
Attorney at Law

cc: Robert Hickerson
Judy Bush
Myra Munson

ADULT PUBLIC ASSISTANCE AND INTERIM ASSISTANCE

I. Adult Public Assistance

Alaska's Adult Public Assistance (APA) program provides monthly cash assistance (and related Medicaid) to needy elderly, blind, and disabled persons. APA is a state-funded program, a separate supplemental program to a similar nationwide program, "Supplemental Security Income" (SSI). SSI is funded and administered by the Social Security Administration. Approximately 50 percent of all APA recipients have countable income under the SSI qualifying standards; these people receive an SSI check and an APA check sufficient to bring their total monthly income up to the standards established under AS 47.25.430. The remaining APA recipients have other income (such as Social Security) which exceeds the lower SSI standard but is under the higher state standard. For example, a person with no income currently receives a \$340 SSI payment and a \$292 APA payment. A person with \$200 Social Security receives a \$160 SSI payment and a \$292 APA payment, and a person with \$500 retirement income receives no SSI benefits, but receives an APA payment in the amount of \$152.

In order to insure that all APA recipients qualify for Medicaid, all APA eligibility criteria, including disability and blindness, must be the same as the SSI criteria in all respects save for a different income qualifying standard. Determinations of disability and blindness are extremely complex, expensive, and time-consuming. For this reason, all APA blindness and disability determinations are done under contract by specialists in the Disability Determination Unit of the Division of Vocational Rehabilitation. For applicants otherwise eligible for SSI (and for Social Security retirement benefits), Social Security pays the costs of these determinations. Currently, it takes an average of 111 days to determine if an SSI applicant is disabled.

Over 70 percent of all applicants who undergo a disability determination are initially denied as not disabled. Between one-half and three-fourths of those denied enter the SSI appeal process. This process has several appeal levels and can take up to two years to pursue through all available administrative levels. Approximately 75 percent of those who access the first level of appeal are denied again. Approximately 40 percent of those denied at the first level appeal further, and of those approximately 60 percent are eventually approved.

II. Interim Assistance

In order to provide assistance to potentially disabled needy applicants as they make their way through an SSI disability determination, the Legislature mandated that an interim APA payment of \$280 per month be provided to anyone who was otherwise eligible for APA and SSI (AS 47.25.455). Approximately 300 Interim Assistance clients receive these \$280 payments for at least four months, provided

that they meet the APA/SSI financial need requirements and pass a cursory disability examination provided by a physician or psychiatrist (at Medicaid expense).

If and when SSI's contractor finds the applicant to be disabled, SSI provides retroactive benefits back to the date of SSI application. The Interim Assistance grant is discontinued, and regular APA payments (and Medicaid) are initiated. The recipient is free to receive and spend his or her retroactive SSI "windfall" payment without any adverse effects on regular APA or SSI benefits.

In 1985, the Alaska Supreme Court found that Interim Assistance payments must continue throughout the period during which denied applicants are pursuing their SSI appeal rights (Moore v. Beirne). This decision has had the effect of substantially increasing the amount of Interim Assistance received by those who appeal, and it most likely motivates more people to file appeals. Those who eventually win their appeals can receive retroactive SSI awards of thousands of dollars.

III. Interim Assistance Agreement

SSI federal regulations allow for states to enter into an "Interim Assistance Agreement" with Social Security. This Agreement, which over thirty states have implemented, establishes a simple mechanism that directs the SSI retroactive benefits check to the state, not to the newly-approved applicant. The state deducts from that benefit any monies it has expended on that person's behalf while the SSI application is pending, and, within 10 days, mails any remainder to the client.

With very little administrative effort, a state can obtain substantial new revenues without harm to those it serves. Additionally, the timely notice of individual SSI case decisions the State receives as a normal part of administering its portion of the Agreement improves the accuracy and timeliness within the Interim Assistance, Medicaid, and regular APA programs.

The option to enter into an Interim Assistance Agreement has existed since 1974. Despite the desire to enter into this Agreement, Alaska did not opt to do so, primarily because the antiquated payment mechanisms used by the Division of Public Assistance made it impossible for the State to meet the ten-day disbursement requirement. With the recent conversion of the Interim Assistance and APA programs to a modern on-line computer system, it is now possible to implement this Agreement without adding additional staff and without the slightest risk of violating the terms of the Agreement.

Despite the fact that the State will not recover any funds from SSI applicants who are denied and do not appeal successfully, we conservatively estimate that an Interim Assistance Agreement will produce the following revenues:

-	FY88	\$400,000
-	FY89	\$500,000
-	FY90	\$525,000

Given the current State revenue picture, and the fact that Interim Assistance currently serves over 300 recipients a month for an annual expenditure of over \$1,000,000, there is considerable appeal in implementing any change which will produce an immediate 40 percent "net reduction" in Interim Assistance expenditures.

Once the Department has implemented the Agreement, there are further changes which it can make to improve the rate of reimbursement under the Agreement. There are several innovative and cost-effective methods some "Agreement states" have recently implemented which can improve the percentage of Interim Assistance recipients who are ultimately found SSI-eligible. It may be possible for Alaska to reach a rate of return of 60 percent or better within several years.

IV. Implementing an Interim Assistance Agreement

It may be possible to implement an Interim Assistance Agreement by promulgating regulations based on existing Departmental and APA statutes. However, our authority to do so is, at best, marginal; informal contacts with one major client advocacy agency indicate it is likely we would be challenged in court if we were to attempt to implement an Agreement via regulations alone. Given the past pattern of legal actions brought about by changes in the APA eligibility determination process, we believe it is at least highly desirable that this change be mandated by a statutory change.

We recommend amending AS 47.25.455 by adding two new sections:

- (c) Payments made under AS 47.25.430 shall begin in the month following the month in which eligibility for benefits under USC 1381-1385 has been determined.
- (d) Receipt of benefits under AS 47.25.455 constitutes agreement on the part of the recipient to refund any assistance thus received upon receipt of benefits under U.S.C. 1381-1385 for the same month for which assistance under AS 47.25.455 was paid.

Were this addition to be made to AS 47.25.455, implementation of an Interim Assistance agreement could begin for new Interim Assistance cases almost immediately after the Department promulgated the regulations, if any, which would be necessary to support requiring applicants to sign individual repayment agreements as a condition of eligibility for Interim Assistance. (Such individual agreements are required by Social Security's federal regulations.)

H B

170

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Hess

March 19, 1987,

April 8, 1987,

April 10, 1987

FAIRBANKS CENTRAL LABOR COUNCIL
A. F. of L. - C. I. O.

319 FIRST AVENUE
FAIRBANKS, ALASKA 99701

April 2, 1987

Representative Niilo Koponen, Chairman
Health, Education & Social Services Committee
Post Office Box "V"
Juneau, Alaska 99811

Dear Representative *Niilo* Koponen:

I will be unable to attend the HESS hearing on H.B. 170 and respectfully request that my testimony be read into the record.

H.B. 170 is important legislation and we are particularly pleased with the language of this bill. It embodies the intent of several bills of last session, yet is written in a way we feel is most likely to pass. I hope that it will not be amended.

Sincerely,



Barry Haight
President

Encl.

cc: Rep. Max Gruenberg
Rep. Dave Donley

FAIRBANKS CENTRAL LABOR COUNCIL A. F. of L. - C. I. O.

819 FIRST AVENUE
FAIRBANKS, ALASKA 99701



Testimony of Barry Haight, President

To: Health, Education & Social Services Committee, April 8, 1987

Re: H.B. 170

Mr. Chairman and Committee Members:

The Fairbanks Central Labor Council AFL-CIO vigorously supports passage of H.B. 170.

Passage of H.B. 170 will correct substantial inequities in existing law. It is difficult to justify why State employees should be granted the right to collectively bargain, while employees doing the same work for boroughs and cities should be denied that same right. That which is justification for one is justification for another.

In addition to State employees, thousands of private sector employees are granted by Federal and State law the right to organize and collectively bargain. They include construction workers, office and communication workers, truck and bus drivers, as well as those employed in our State's largest supermarkets. I would not argue the system is perfect, yet it allows a certain security for the employee and a good measure of stability for the employer.

The Municipality of Anchorage, upon its own initiative, adopted a collective bargaining system similar to the State Act some years ago. It has served Anchorage well.

After a number of years of sporadic bargaining, employee strikes, and expensive lawsuits, the City of Fairbanks placed itself under the State Public Employment Relations Act in 1983. A number of agreements have been negotiated without disruption since then.

There may be those who would use the present economic situation as rationale for not bargaining with employees. I would argue that it is in precisely these times that the individual worker and his family can least afford arbitrary changes to his terms and conditions of employment.

Collective bargaining agreements can provide for flexibility and stability with the employer. Current examples with the City of Fairbanks include:

- 1) Most contracts contain language for periodic review and mutual change to terms or language during the life of the agreement.
- 2) Recently one bargaining unit voluntarily agreed to extend the contract for a year and defer wage and benefit increases already scheduled.
- 3) All contracts provide an orderly plan for lay-offs which the employer is free to use at any time.
- 4) All contracts contain language preventing work stoppage or slow-downs.

- 5) Annual and sick leave plans were established by the City about 15 years ago, prior to negotiated contracts. They have been found adequate and have not been increased in any subsequent agreements.

- 6) Finally, most City of Fairbanks contracts are in the process of being renewed or have been recently settled. Settlements or on-going talks feature a variety of adjustments or freezes to help with revenue shortfalls.

We ask that you favorably pass H.B. 170 from your Committee.

5-0724P
Cramer
5/2/87

Original sponsor: Labor and Commerce
Committee

*official
draft*

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 170 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to participation of municipalities,
7 school districts, and other political subdivisions
8 under the Public Employment Relations Act and to
9 collective bargaining rights of school district
10 employees."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. AS 23.40 is amended by adding a new section to read:

13 Sec. 23.40.075. APPLICABILITY. AS 23.40.070 - 23.40.260 apply
14 to [a municipality or] a political subdivision of the state unless

15 (1) the [municipality or] ^{political} subdivision [has adopted an ordi-
16 nance that] permits [collective bargaining for] its employees [with] either
17 the right to strike or binding arbitration as the final step in the
18 negotiation process; or

19 (2) the municipality did not receive funds from the state
20 under AS 29.60.010 - 29.60.080 or 29.60.350 - 29.60.375 during that
21 fiscal year.

22 * Sec. 2. AS 23.40.250(6) is amended to read:

23 (6) "public employee" means any employee of a public em-
24 ployer, whether or not in the classified service of the public em-
25 ployer, except elected or appointed officials, or teachers employed by
26 [OR NONCERTIFICATED EMPLOYEES OF] school districts;

27 * Sec. 3. Section 4, ch. 113, SLA 1972 is repealed.
28
29

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/20/87

FURTHER REFERRALS: Judiciary

DATE: 5-5-87

The Health, Education and Social Services Committee has considered HB 170

"An Act relating to participation of municipalities, school districts, and other political subdivisions under the Public Employment Relations Act and to collective bargaining rights of school district employees."

RECOMMENDS:

- replace with CSHB 170 the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published 3/17/87
- zero fiscal note same as previous zero fiscal note published 3/13/87
- zero with analysis

SIGNING DO PASS:

[Signature]
[Signature]
[Signature]
[Signature]

SIGNING OTHER RECOMMENDATIONS:

[Signature] - Do Not Pass
[Signature] - No Rec. Yet!
[Signature] D. Not Pass

[Signature]
 Vice-Chairman's signature
[Signature]

HB 170 An Act relating to participation of municipalities, school districts, and other political subdivisions under the Public Employment Relations Act and to collective bargaining rights of school district employees

- 1) Copy of HB 170
- 2) Labor and Commerce Committee Sign in Sheet 3/19/87
- 3) Fiscal Note, Education, 3/13/87
- 4) Fiscal Note, Labor, 3/17/87
- 5) Labor and Commerce Committee Report
- 6) House Labor and Commerce Committee minutes, 3/19/87
- 7) Fairbanks Central Labor Council letter of 4/2/87 with testimony of Barry HJaight, President
- 8) Position paper, Department of Labor, 3/19/87
- 9) Alaska Municipal League, 3/19/87 w/attachments
- 10) CS for HB 170 (HESS), Cramer, 4/30/87
- 11) CS for HB 170 (HESS), Cramer, 5/2/87
- 12) Memo, Niilo Koponen to Committee, 5/1/87 re Bus Driver Employee Protection
- 13) "official draft" CSHB 170 (HESS), Cramer 5/2/87
- 14) House HESS minutes, 4/10/87
- 15) House HESS minutes, 5/1/87
- 16) House HESS minutes, 5/4/87

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB-170

Publish Date: _____

Revision Date: _____

Agency Affected: Education

Title: ...collective bargaining rights of school district employees.

BRU: _____

Sponsor: House Labor and Commerce

Components: _____

Requestor: House Labor and Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

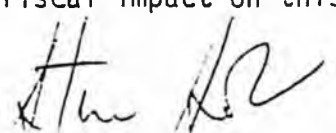
GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The bill has no fiscal impact on this department.

Prepared by: Steve Hole 
Division: Commissioner's Office

Phone: 465-2800

Date: March 13, 1987

Approved by Commissioner: Marshall Lind
Agency: Education

Date: March 13, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version : HB 170

Publish Date : _____

REQUEST: _____

Revision Date: _____

Agency Affected: Labor

Title: "An Act relating to ... the
Public Employment Relations Act."

BRU: Labor Standards and Safety

Sponsor: Labor and Commerce Committee

Components: Wage and Hour

Requestor: House Labor and Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		67.6	67.5	67.6	67.6	67.6
TRAVEL		12.5	12.9	8.0	8.2	8.5
CONTRACTUAL		42.9	44.1	33.8	34.8	35.9
SUPPLIES		1.4	1.4	1.5	1.5	1.6
EQUIPMENT		3.2	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	127.5	126.0	110.9	112.1	113.6

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		127.5	126.0	110.9	112.1	113.6
FEDERAL FUNDS						
OTHER						
TOTAL	0	127.5	126.0	110.9	112.1	113.6

POSITIONS:

FULL-TIME	0	2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: ^{AS} Tom Stuart, Director *Tom Stuart*

Phone: 465-4870

Division: Labor Standards and Safety

Date: 3/17/87

Approved by Commissioner: ¹⁰ Jim Samson *Jim Samson*

Date: 3/17/87

Agency: Labor

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

FISCAL NOTE ANALYSIS
For HB 170

Under the provisions of this bill the department would be required to provide labor relations services to approximately 9,000 local government employees under the Public Employment Relations Act (PERA). Two new positions, a Wage and Hour Investigator I and Clerk Typist III, both located in Anchorage, would be necessary to handle the increase in workload. Additionally, a contractual hearing officer would be required to perform adjudication functions when necessary. The anticipated costs for the first two years are summarized as follows:

	<u>FY 88</u>	<u>FY 89</u>
<u>Personnel Services</u>		
Two new employees	67.6	67.6
<u>Travel</u>		
New Wage & Hour Investigator	7.5	7.7
Contractual Hearing Officers	5.0	5.2
S/T	<u>12.5</u>	<u>12.9</u>
<u>Contractual Services</u>		
Hearing Officer	10.0	10.3
Printing	5.6	5.8
Transcription Service	3.0	3.1
Legal Services	2.0	2.1
Rent	6.4	6.5
Indirect	6.8	7.0
Miscellaneous	9.0	9.3
S/T	<u>42.8</u>	<u>44.1</u>
<u>Commodities</u>	1.4	1.4
<u>Equipment</u>	<u>3.2</u>	<u>-0-</u>
TOTAL:	127.5	126.0

After the first two years we anticipate most of the organizational activity in the communities will be complete. Thus, in FY 90 and beyond the program should be able to be handled by the two new positions. The hearing officers and related costs would then be eliminated.

Assumptions:

- 1) Of approximately 30,600 local government employees in Alaska, 21,600 are currently covered by some form of collective bargaining and would fall within the group currently covered by the Public Employment Relations Act or work for an employer who would most likely opt for a local ordinance. This leaves approximately 9,000 employees in the state for the department's Labor Relations Agency to oversee. These employees are predominantly in the rural areas of the State.
- 2) An effective date of July 1, 1987.
- 3) Inflation of 3% per year in FY's 89-92 in non-personal service items.

Position Title Clerk Typist III			No. of Positions 1	Range/Step 8A	Barg. Unit GGU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Type of Expenditure			Justification					
1		2	3					
Salary		19,572	<p>This position will function as the clerical member of the Department of Labor's Labor Relations Agency. The position will be responsible for preparing and typing correspondence, and maintaining collective bargaining records as they apply to petitions, certification/decertification of bargaining units, and complaints of unfair labor practices. Also, the position will act as recorder for the Labor Relations Agency Board during board proceedings.</p> <p>Costs associated with this position are average per-position costs, plus one-time equipment expense of \$1,600 for a desk, chair, etc.</p>					
Benefits		5,872						
Premium Pay								
Other								
Total Personal Services		25,444						
Travel		0						
Contractual		15,544						
Commodities		700						
Equipment		1,600						
Other								
Total Cost		43,288						
Receipt Code	Funding Source							
	Federal Receipts 1002							
	G. F. Match 1003							
	General Funds 1004		43,288					
	I-A Receipts 1005							
	Program Receipts 1028							
	CIP Receipts 1061							
	Other							
For B&M Use Only Key Number								

**Request For
New Position**

Agency Labor
 BRU Labor Standards and Safety
 Component Wage and Hour

Page 3 of 4
 Revised Date

FY 87

Position Title Wage and Hour Investigator			No. of Positions 1	Range/Step 16A	Barg. Unit GGU	Gov.	Approv.	Disapp.																																							
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.																																									
<table border="1"> <thead> <tr> <th>Type of Expenditure</th> <th>2</th> <th>Amount</th> </tr> <tr> <th>1</th> <th></th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>32,424</td> <td></td> </tr> <tr> <td>Benefits</td> <td>9,727</td> <td></td> </tr> <tr> <td>Premium Pay</td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td></td> <td></td> </tr> <tr> <td>Total Personal Services</td> <td></td> <td>42,151</td> </tr> <tr> <td>Travel</td> <td></td> <td>7,500</td> </tr> <tr> <td>Contractual</td> <td></td> <td>17,200</td> </tr> <tr> <td>Commodities</td> <td></td> <td>700</td> </tr> <tr> <td>Equipment</td> <td></td> <td>1,600</td> </tr> <tr> <td>Other</td> <td></td> <td></td> </tr> <tr> <td>Total Cost</td> <td></td> <td>69,151</td> </tr> </tbody> </table>			Type of Expenditure	2	Amount	1		3	Salary	32,424		Benefits	9,727		Premium Pay			Other			Total Personal Services		42,151	Travel		7,500	Contractual		17,200	Commodities		700	Equipment		1,600	Other			Total Cost		69,151	Justification This position will perform a variety of labor relations duties. The person will investigate petitions for collective bargaining, investigate complaints of unfair labor practice, provide informal resolution to unfair labor practice complaints, and investigate challenges to elections. The position will also conduct elections, certify elections, and provide education and information on the Public Employment Relations Act to employees and employers. Travel costs are for travel to the various locations around the State where public employee labor relations activity would be required. Contractual and commodity costs are average per-employee costs. Equipment would be a one-time expense for desk, chair, cabinets, etc.					
Type of Expenditure	2	Amount																																													
1		3																																													
Salary	32,424																																														
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Premium Pay																																															
Other																																															
Total Personal Services		42,151																																													
Travel		7,500																																													
Contractual		17,200																																													
Commodities		700																																													
Equipment		1,600																																													
Other																																															
Total Cost		69,151																																													
Receipt Code		Funding Source																																													
		Federal Receipts 1002																																													
		G. F. Match 1003																																													
		General Funds 1004		69,151																																											
		I-A Receipts 1005																																													
		Program Receipts 1028																																													
		CIP Receipts 1061																																													
		Other																																													
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> For B&M Use Only Key Number _____ </div>																																															

**Request For
New Position**

Agency Labor
BRU Labor Standards and Safety
Component Wage and Hour

Page 4 of 4
Revised Date _____

FY 87

HOUSE COMMITTEE REPORT

3/20

(7)

Date referred: 3/6/87

FURTHER REFERRALS: HESS
Judiciary

DATE: 3/19/87

The Labor & Commerce Committee has considered HB 170

"An Act relating to participation of municipalities, school districts, and other political subdivisions under the Public Employment Relations Act and to collective bargaining rights of school district employees."

RECOMMENDATIONS:

- replace with _____ the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Dave Douley

John Ellis

Cecil Davidson

[Signature]

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

Grant Mendenhall NDRS

Dave Douley
Chairman's signature

Alaska
MUNICIPAL
League

TELEPHONE
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: Representative Dave Donley, Chair
Members of the House Labor and Commerce Committee

FROM: Scott A. Burgess, Executive Director 

DATE: March 19, 1987

SUBJECT: HB 170 - Mandatory PERA for Municipalities and School Districts

The Alaska Municipal League is opposed to HB 170 based on the language cited below from the AML 1987 Policy Statement (page 22), adopted by the membership at the 1986 annual meeting in Juneau in November:

"Alaska Public Employees Labor Relations Act: The League strongly opposes any legislation which would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. The League opposes, just as strongly, any legislative efforts to dictate the provisions of local public employees labor relations ordinances. The League supports legislation to allow each municipality at any time to reject or withdraw from the terms of the Alaska Public Employees Relations Act."

"Binding Arbitration: The League opposes legislation imposing binding arbitration on local governments and school districts. Binding arbitration hinders local elected officials' ability to determine their personnel costs and prevents local governments from having complete control of determining the local tax rate. The scope of decisions with regard to what local government can afford for labor is best left to the local bodies possessing that knowledge."

These are long-standing policies of the AML. Legislation similar to this have been introduced into the Alaska State Legislature perennially, and the AML and its over 120 municipal members have opposed it each time. The concern and opposition by local governments to mandating participation in PERA, and thereby requiring the ability to strike or binding arbitration as a final step in the negotiating process for municipal employees and teachers, only increases as salaries and benefits have increased. Many of the increases in benefits, at least, have resulted from action by the Legislature, and over which the municipalities have no control. The potential limits on local officials' ability to control their budgets presented by HB 170 is an even greater concern when federal and state assistance to municipalities continues to decrease and municipalities have had to increase taxes and/or reduce services.

AML Testimony on HB 170

March 19, 1987

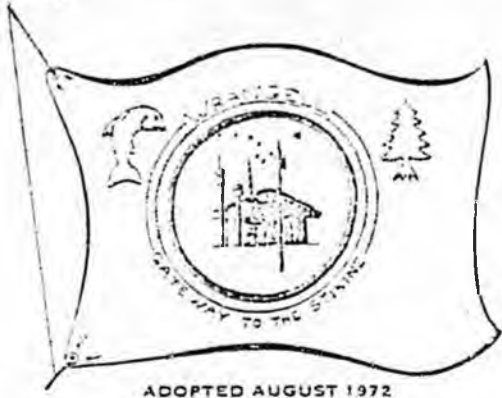
Page 2

I have attached a copy of a letter received this year from the City of Wrangell stating their opposition to HB 170. Additional correspondence in opposition to similar legislation, proposed in the past, is also available to the Committee, if requested. I have also attached position papers on mandatory PERA for local employees and on binding arbitration for teachers developed by the AML Legislative Committee last year for similar legislation. Finally, I have summarized below some of the major reasons for the local governments' opposition to the legislation for the Committee:

1. Municipalities are opposed, generally, to State mandates on local governments which remove local control and increase cost without remuneration by the State.
2. Mandating PERA, or the adoption of ordinances with the same effect, removes the power of the elected representatives at the local level to set policy and budgets by balancing the resources and needs of the whole community rather than one segment - public employees.
3. Public employees and teachers have recourse through their elected officials on the city council or borough assembly or school boards to address specific concerns, or to influence voters to elect representatives who are more sympathetic to their positions.
4. Public employees can put collective bargaining before the local voters and the assembly or council through the initiative and referendum process.
5. The public sector is different from the private sector in terms of the services provided, civil service protections, and their access to, and the responsibility of, the elected officials.
6. Many municipalities provide for collective bargaining but the final agreement as to terms and conditions of employment, including salaries is subject to approval of the city council or the school board.

The League strongly opposes HB 170. Thank you.

Attachment



CITY of WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929 (907) 874-2331

March 13, 1987

Representative John Sund
Chairman, House Judiciary
Alaska State Legislature
Pouch V
Juneau, AK 99811

Re: House Bill No. 170 relating to
PERA, Right to Strike or Binding Arbitration

Dear Sir:

The City of Wrangell is strongly opposed to House Bill No. 170. As written, the Bill would bring municipalities under the State Public Employment Relations Act (PERA) unless a local ordinance was enacted to permit collective bargaining with the right to strike or binding arbitration as the final step in the negotiation process. It also adds the right to strike for teachers if their contract does not provide for binding arbitration.

In 1972, the Legislature recognized the financial impact PERA could have on municipalities, as well as the need for local control, and provided that we could opt out of the Act by adoption of a Resolution or Ordinance. Recognizing the economic and social impact the Act could have on services provided to the public, the Wrangell City Council did opt out of the Act in the best interests of the taxpayers.

The Wrangell city employees are currently receiving wages and benefits that match or exceed those received by the private major industry employees in our community. We need not remind you that the non-governmental employees in our community are the very taxpayer that must bear the burden of government wages and benefits. While it is recognized that public employees received greater benefits than private employees for many years due to their lower wages, this is no longer true. In many cases (if not most) public employees far exceed private employees in both benefits and wages. The State, in fact, has several employees that receive a higher annual salary than the Governor, some of which were achieved through PERA.

The threat of strike or binding arbitration would place an unfair burden on local government. Unlike private industry, a government employee strike can effect the health and welfare of an entire community

CITY OF WRANGELL, ALASKA

Representative John Sund
March 13, 1987
Page Two

by reducing or completely stopping public services. Binding arbitration can take away the City Council's ability to set the mill levy and utility rates in a reasonable, equitable manner for all of the residents.

A greater burden is already being shifted to the local taxpayers through reductions in State funding and loss of Federal Shared Revenue. A Bill is now before you that repeals the senior citizen/disabled veteran property tax exemption and forces the local taxpayer to absorb the loss or turn their back on so many seniors living on limited incomes needing this exemption.

We urge defeat of House Bill No. 170 Which will only place a greater burden on local taxpayers.

Sincerely,



Joyce Rasler
City Manager

JR:fv

cc: Representative Robin Taylor
Senator Lloyd Jones
Alaska Municipal League
Wrangell City Council
Wrangell School Board

Position Paper
of
AML Legislative
Subcommittee on Education
March 1986

RE: Proposed Legislation Relating to Local Governments
and Alaska Public Employees Labor Relations Act.

The 1986 Alaska Municipal League Policy, Part VIII, Local Government Powers, Section B(1), Alaska Public Employees Relations Act states "the League strongly opposes any legislation which would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. In addition, the League opposes just as strongly, any legislative efforts to dictate the provisions of local public employees labor relations ordinances. The League supports legislation to allow each municipality at anytime to reject or withdraw from the terms of the Alaska Public Employees Relation Act." In addition, Section B(2) states, that the League also opposes any legislation which forces municipalities to develop collective bargaining procedures ending in strike or binding arbitration. The following is in support of the League position:

1. Binding arbitration/PEPA limits the authority of the Council/Assembly. If wages are set by binding arbitration, the Council/Assembly has to work any arbitration wage increases into the budget. If it is necessary to make cuts, cuts must be made in areas other than the arbitrated wages. The Council/Assembly would no longer have the authority to determine wages or control budgets.
2. Arbitrators tend to be from outside and do not have to deal with the overall budget or raise the funds to finance employee costs.
3. Municipal employees do have recourse -- the election process. They can influence voters to elect Council/Assembly members supportive of their positions. Also, employees still have the right to form employee organizations.
4. Each municipality is unique and should be allowed to handle collective bargaining in a manner that fits the community. Large communities have employee circumstances that are very different from small, and rural is different than urban. In addition, most of our local governments in Alaska are small, population under 1000, and there are not many staff members in any one category. This makes collective bargaining extremely impractical.
5. The provisions of PEPA or binding arbitration are costly. There is the cost of the negotiation process itself. Municipalities in general do not have excess staff or staff time to prepare bargaining positions. Cost of hiring a negotiator is beyond most local budgets.

6. Government wages in Alaska tend to exceed those of private business and industry. Therefore, employees seem to be doing well without the added regulation.
7. In a time of funding cutbacks, increasing the cost of government doing business does not make much sense.
8. In regard to strikes, if a strike provision would ever be required, the municipality as an employer should have the same options that exist in private industry; for example, the employer (the municipality) should be able to continue services and hire others if employees strike.

In the end, it is, of course, the taxpayer who must bear any financial burden. The taxpayer now has control through the election process. With binding arbitration, the taxpayer gives up this control to the employee and arbitrator.

Position Paper
of
AML Legislative
Subcommittee on Education
March 1986

RE: Binding Arbitration for Teachers

The 1986 Alaska Municipal League Policy, Part VIII, Local Government Powers, Section B(2), Public Employees Relations Act, Binding Arbitration states "the League opposes legislation imposing binding arbitration on local governments. Such legislation would hinder local governments' ability to determine their personnel costs and prevent local governments from having complete control of determining the local tax rate." Many school districts are under local government control. The League is strongly opposed to binding arbitration as a required step in teacher negotiations. The following is in support of this position.

1. If binding arbitration were required, management prerogatives of Councils/Assemblies and local school boards would be curtailed. Control would pass to the arbitrators and teachers. This control would not only affect the issues arbitrated but other issues as well; the results of arbitration can force local governments/school board to adjust other decisions. For example, suppose the results of arbitration require the school board to pay a higher teacher wage than the board has budgeted. In order to pay the wage, the board may be forced to cut programs or other parts of the budget. The alternative would be to raise taxes.
2. The teachers and arbitrators are not responsible to the voters; the Councils/Assemblies and local school boards are. The buck stops with the governing bodies -- not with the arbitrators and teachers.
3. Arbitrators are from outside the community, do not pay local taxes, and, again, are not responsible to local voters for their decisions.
4. Binding arbitration removes fiscal responsibility from the school board and gives it to the teachers and arbitrators. The school district would be told what it could afford.
5. Binding arbitration tends to put the teacher on one side and administrators and the board on the other side as opposing parties, and creates a confrontation situation that can lead to a negative morale.
6. Teachers have control and input through the election process itself; both school board members and the local governing body are elected.

7. There are changes in public thinking and changes in elected officials. A requirement of binding arbitration may not take such changes into account.
8. Each school district is unique and should be free to adopt bargaining procedures to meet the needs of the district.
9. The arbitration process itself is costly. The cost of the arbitrator is estimated to be from \$1,500 to \$3,000. In addition, there is the cost of staff time for preparation of positions.

At a time when revenues are shrinking is not the time to increase costs for schools nor local governments.

In summary, whatever affects the budget of school districts is of major concern to local governments where there are locally controlled schools; the local governments, where local schools exist, are required to approve and financially support school budgets. Binding arbitration can force the local government/school to either increase taxes or cut services.



Alaska Public
Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 586-2334

MEMORANDUM

TO: Representative Dave Donley, Chairman
House Labor and Commerce Committee

FROM: Cherie Shelley, Executive Director

SUBJECT: HB 170 - Collective Bargaining

DATE: 18 March 1987

Equal treatment of public employees is the major concern of House Bill 170. Long overdue, the measure grants collective bargaining rights to noncertificated employees and guarantees the same rights to employees of all municipalities, school districts and political subdivisions.

The Alaska Public Employees Association endorses HB 170 because we support the rights of workers to organize and bargain collectively in the determination of their wages, benefits, and working conditions.

This measure will make the provisions of the Public Employment Relations Act available to all public employees in Alaska. In recognition of the desire for local autonomy, the legislation will allow the various municipalities and political subdivisions the option of replacing PERA with a local ordinance which gives employees the right to engage in collective bargaining.

Quite naturally, APEA would prefer all employees to enjoy the protections available under the Public Employment Relations Act. However, HB 170 is of great benefit to the many who are currently denied any voice in the determination of the terms and conditions of their employment.

We believe HB170 will promote better employer-employee relations and we urge the committee to consider this proposed legislation favorably.

**STAT OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version: HB 170

Publish Date: _____

REQUEST: _____

Revision Date: _____

Agency Affected: Labor

Title: "An Act relating to ... the
Public Employment Relations Act."

BRU: Labor Standards and Safety

Sponsor: Labor and Commerce Committee

Components: Wage and Hour

Requestor: House Labor and Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		67.6	67.6	67.6	67.6	67.6
TRAVEL		12.5	12.9	8.0	8.2	8.5
CONTRACTUAL		42.8	44.1	33.8	34.8	35.9
SUPPLIES		1.4	1.4	1.5	1.5	1.6
EQUIPMENT		3.2	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	127.5	126.0	110.9	112.1	113.6

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		127.5	126.0	110.9	112.1	113.6
FEDERAL FUNDS						
OTHER						
TOTAL	0	127.5	126.0	110.9	112.1	113.6

POSITIONS:

FULL-TIME	0	2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: ^{AS} Tom Stuart, Director *Tom Stuart*

Phone: 465-4870

Division: Labor Standards and Safety

Date: 3/17/87

Approved by Commissioner: ^{AS} Jim Sampson *Jim Sampson*

Date: 3/17/87

Agency: Labor

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

FISCAL NOTE ANALYSIS
For HB 170

Under the provisions of this bill the department would be required to provide labor relations services to approximately 9,000 local government employees under the Public Employment Relations Act (PERA). Two new positions, a Wage and Hour Investigator I and Clerk Typist III, both located in Anchorage, would be necessary to handle the increase in workload. Additionally, a contractual hearing officer would be required to perform adjudication functions when necessary. The anticipated costs for the first two years are summarized as follows:

	<u>FY 88</u>	<u>FY 89</u>
<u>Personnel Services</u>		
two new employees	67.6	67.6
<u>Travel</u>		
New Wage & Hour Investigator	7.5	7.7
Contractual Hearing Officers	5.0	5.2
S/T	12.5	12.9
<u>Contractual Services</u>		
Hearing Officer	10.0	10.3
Printing	5.6	5.8
Transcription Service	3.0	3.1
Legal Services	2.0	2.1
Rent	6.4	6.5
Indirect	6.8	7.0
Miscellaneous	9.0	9.3
S/T	42.8	44.1
<u>Commodities</u>	1.4	1.4
<u>Equipment</u>	3.2	-0-
TOTAL:	127.5	126.0

After the first two years we anticipate most of the organizational activity in the communities will be complete. Thus, in FY 90 and beyond the program should be able to be handled by the two new positions. The hearing officers and related costs would then be eliminated.

Assumptions:

- 1) Of approximately 30,600 local government employees in Alaska, 21,600 are currently covered by some form of collective bargaining and would fall within the group currently covered by the Public Employment Relations Act or work for an employer who would most likely opt for a local ordinance. This leaves approximately 9,000 employees in the state for the department's Labor Relations Agency to oversee. These employees are predominantly in the rural areas of the State.
- 2) An effective date of July 1, 1987.
- 3) Inflation of 3% per year in FY's 89-92 in non-personal service items.

Position Title Clerk Typist III			No. of Positions 1	Range/Step 8A	Barg. Unit GGU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Justification								
<p>This position will function as the clerical member of the Department of Labor's Labor Relations Agency. The position will be responsible for preparing and typing correspondence, and maintaining collective bargaining records as they apply to petitions, certification/decertification of bargaining units, and complaints of unfair labor practices. Also, the position will act as recorder for the Labor Relations Agency Board during board proceedings.</p> <p>Costs associated with this position are average per-position costs, plus one-time equipment expense of \$1,600 for a desk, chair, etc.</p>								
Type of Expenditure			Amount					
1			2			3		
Salary			19,572					
Benefits			5,872					
Premium Pay								
Other								
Total Personal Services						25,444		
Travel						0		
Contractual						15,544		
Commodities						700		
Equipment						1,600		
Other								
Total Cost						43,288		
Receipt Code			Funding Source					
			Federal Receipts 1002					
			G. F. Match 1003					
			General Funds 1004			43,288		
			I-A Receipts 1005					
			Program Receipts 1028					
			CIP Receipts 1061					
			Other					
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> For B&M Use Only Key Number _____ </div>								

Request For
New Position

Agency Labor
BRU Labor Standards and Safety
Component Wage and Hour

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Revised Date

FY 87

Position Title Wage and Hour Investigator			No. of Positions 1	Range/Step 16A	Barg. Unit GGU	Gov.	Approv.	Disapp.
Time Status PFT	Staff Months 12	RP Number	Location Anchorage		Election District	Leg.		
Type of Expenditure			Justification					
		Amount	<p>This position will perform a variety of labor relations duties. The person will investigate petitions for collective bargaining, investigate complaints of unfair labor practice, provide informal resolution to unfair labor practice complaints, and investigate challenges to elections. The position will also conduct elections, certify elections, and provide education and information on the Public Employment Relations Act to employees and employers.</p> <p>Travel costs are for travel to the various locations around the State where public employee labor relations activity would be required.</p> <p>Contractual and commodity costs are average per-employee costs. Equipment would be a one-time expense for desk, chair, cabinets, etc.</p>					
1	2	3						
Salary	32,424							
Benefits	9,727							
Premium Pay								
Other								
Total Personal Services		42,151						
Travel		7,500						
Contractual		17,200						
Commodities		700						
Equipment		1,600						
Other								
Total Cost		69,151						
Receipt Code			Funding Source					
			Federal Receipts 1002					
			G. F. Match 1003					
			General Funds 1004					
			I-A Receipts 1005					
			Program Receipts 1028					
			CIP Receipts 1061					
			Other					
			69,151					
For B&M Use Only								
Key Number								

**Request For
New Position**

Agency Labor
 BRU Labor Standards and Safety
 Component Wage and Hour

Page 4 of 4
 Revised Date

FY 87



Alaska Public
Employees Association **APEA**

State Headquarters: 340 N. Frankiin, Juneau, AK 99801 (907) 586-2334

April 16, 1987

The Honorable Johnny Ellis
Chairman, House HESS Committee
P.O. Box V
Juneau, AK 99811

RE: HB 170 - Political Subdivisions and PERA

Dear Representative Ellis:

I attended and testified at the April 10 hearing on HB 170, and heard opposition expressed to Sections 2 and 4 of the bill. Section 2 would apply the Public Employment Relations Act (PERA), AS 23.40.070-23.40.260, to organized boroughs and political subdivisions of the state, unless they adopted ordinances permitting collective bargaining with either the right to strike or the right to binding arbitration as the final step in the negotiations process. Section 4, a necessary corollary to Section 2, repeals a section of PERA that gave these boroughs and subdivisions the unqualified right to opt out of PERA. I am writing now because I would like to elaborate on the brief comments I made at the hearing in support of these sections.

Most of the opposition among committee members seemed to be based on the premise that the two sections unduly infringed on the rights of boroughs and political subdivisions to handle their own labor relations. It is certainly true that enactment of these two sections might radically alter the personnel policies and practices of some boroughs and subdivisions. However, if those policies and practices are not fair, and not conducive to good employer/employee relations, why should they be regarded as sacrosanct? Boroughs and subdivisions are not sovereign entities like states; they are creature of the State of Alaska. The legislature in Title 29 and in other portions of the statutes has limited the discretion of boroughs and subdivisions in many areas. We at APEA believe that Sections 2 and 4 of HB 170 represent equally appropriate limitations.

The legislature in enacting PERA, and making it applicable to the state, recognized the importance of collective bargaining in the public sector, and the demoralization that can result when public

Fairbanks Field Office
825-D College Road
Fairbanks, AK 99701
Telephone: (907) 456-5412

Anchorage Field Office
833 Gambell Street, Suite A
Anchorage, AK 99501
Telephone: (907) 271-1688

Juneau Field Office
227 4th Street
Juneau, AK 99801
Telephone: (907) 586-6305

employees have no say in the terms and conditions of their employment, but just have to accept what their employer chooses to give them. This is equally true of borough and municipal employees. Under the current state of the law, boroughs and political subdivisions are free to refuse collective bargaining altogether, as many have done, or to create inadequate systems, under which some bargaining can occur, but if the parties are unable to agree the employer can impose the terms. It is wholly reasonable for the legislature to decree that no public employer may operate in these ways.

Virtually every state with laws providing for collective bargaining in the public sector has made these laws mandatory for political subdivisions. Frequently these laws, like PERA, grant public employees the right to strike or, for essential employees, the right to binding interest arbitration. Among the larger states, for example, Pennsylvania, Illinois, Ohio and Wisconsin have such laws, as does Oregon. Indeed, at least one state, Washington, had mandated collective bargaining for its subdivisions even when the state itself does not have it. Thus Section 2 and 4 of HB 170 would hardly represent an unprecedentedly radical restriction on political subdivisions. To the contrary, Section 4 of HB 170, by repealing Section 4 of the 1972 law enacting PERA (the section allowing subdivisions to opt out), would bring Alaskan law in line with that of other states.

It is also worth noting that Section 2 and 4 would not automatically lead to changes in the boroughs and subdivisions. If employees there believe they are being fairly treated now, they may choose not to organize and bargain collectively, just as employees in some major well-run corporations (Delta Airlines is a good example) have opted not to do so. Sections 2 and 4 simply give public employees the opportunity; it does not require them to act on it.

I hope that these comments may cause some of your committee members to reconsider their opposition to Sections 2 and 4 of HB 170. I will be happy to discuss this matter further with anyone who might be interested.

Very truly yours,

John B. Gaguine
General Counsel

cc: House HESS Committee members



Official Business

COMMITTEE:

HOUSE LABOR & COMMERCE

DATE: March 19, 1987

SIGN-IN

Subject of meeting:

HCR 16. Iditarod/Tourism

HB 170 PERA/political subdivisions

SCR 5 Airport Marketing

PROPOSED LEGISLATION

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
✓ Bob Greene		586-1083	Alaska School Boards	X ^{HB 170}
✓ Steve Hole	Box F	2800	DOE	yes ^{HB 170}
✓ Steve M. Phares		9702	Council of School Admin	Yes ^{HB 170}
✓ BOB MANNERS				HB 170
RICHARD ARAB	- DOL - TO LISTEN			HB 170

HB1

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



Official Business

COMMITTEE:
HOUSE LABOR & COMMERCE

DATE: March 19, 1987

SIGN-IN

Subject of meeting:

- HCR 16. Iditarod/Tourism
- HB 170 PERA/political subdivisions
- SCR 5 Airport Marketing
- PROPOSED LEGISLATION

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
✓ Bob Greene		586-1083	Alaska School Boards	X
✓ Steve Hole	Box F	2800	DOE	HB 170 Yes
✓ Steve M. Phares		9702	Council of School Admin	HB 170 Yes
✓ BOB MANNERS				HB 170
RICHARD ARAB	- DOL - TO LISTEN			HB 170

HB1

Bill No. House Bill 170

Date March 19, 1987

Title "An Act relating to participation of municipalities, school districts, and other political subdivisions under the Public Employment Relations Act and to collective bargaining rights of school district employees."

Contact: Tom Stuart
465-4870

Eileen Plate
465-2700

House Bill 170 proposes several changes to Alaska's laws which relate to collective bargaining rights of public employees.

Specifically, House Bill 170:

1. Extends to teachers the same rights to strike as is afforded other public employees, if their contracts do not provide for binding arbitration as a final step in the negotiating process;
2. Strengthens the Public Employment Relations Act by permitting political subdivisions to opt not to be covered by the Act only if they have an ordinance which permits collective bargaining with either the right to strike or binding arbitration as a final step in the negotiating process. Currently political subdivisions which do not permit collective bargaining may opt not to be covered by the Public Employment Relations Act; and
3. Extends coverage under the Public Employment Relations Act to non-certificated school employees. These non-certificated employees are not presently covered by the Act.

Presently there are approximately 30,500 local government employees in Alaska. Of this number:

- 3300 are currently covered by the Public Employment Relations Act (City of Fairbanks, Fairbanks North Star Borough, Petersburg, City of Ketchikan, and Unalaska)
- 10,750 are covered by municipal labor relations agencies under local ordinances, (Anchorage and the City and Borough of Juneau)
- 4500 are covered by a loose knit form of representation with the employer's consent, but are not covered by the state's labor relations agency or a municipal labor relations agency). (Kenai Peninsula Borough, City and Borough of Kodiak, Valdez/Cordova, and the Mat-Su Borough)

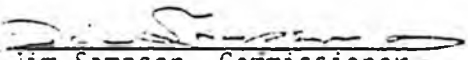
Approximately 3,050 of the remaining 12,050 employees are employees of larger municipalities or organized boroughs which presently do not have any representation, but likely would opt for local control if the provisions of this bill are enacted. An additional 9,000 public employees would, therefore, be covered by the Public Employment Relations Act, and the Department of Labor, as the Labor Relations Agency, would provide services to them.

POSITION PAPER/Department of Labor

The provisions of House Bill 170 would extend the same rights to bargain collectively to all public employees; and decisions as to whether a group of workers would avail themselves of the collective bargaining process would be made by the workers. Presently, such decisions may be arbitrarily made by political subdivisions without any worker participation.

The Department of Labor supports the provisions of House Bill 170.

APPROVED:


Jim Sampson, Commissioner
Department of Labor



Alaska State Legislature
House of Representatives
COMMITTEE ON HEALTH, EDUCATION
AND SOCIAL SERVICES

OFFICIAL BUSINESS

POUCHV
JUNEAU, AK 99811
465-3759

MEMORANDUM

TO: Members of the House Hess Committee
FROM: Niilo Koponen, Co-Chairman
DATE: May 1, 1987
RE: Bus Driver Employee Protection under CS HB 170 (HESS)

In today's subcommittee meeting on HB 170, Representative Hudson inquired as to the possibility of ensuring that school bus drivers be covered under the Public Employee Relations Act (PERA).

Under this bill, if a school bus driver was a direct employee of a school district they would have the right to collectively bargain under PERA. However, most school districts contract out to private companies for their school bus services.

The rights of employees of private companies to organize are covered under national labor relations law. According to Randy Carr of the Labor Relations Agency, an Alaskan law allowing employees of private companies who contract with school districts to organize under PERA would be superseded by national law.

Representative Hudson also brought up the increasing problem of out-of-state contracting for school bus services. The House Labor and Commerce committee is presently working on legislation that would require Alaska bus drivers have at least two years experience in-state, that the minimum age be raised to 21, and that they receive a starting wage higher than present minimum wage. Though this does not directly address the question of collective bargaining or employee rights for Alaskan bus driver's, this legislation, as presented to me by committee staff, would address some of the problems discussed.

Original sponsor: Labor and Commerce
Committee

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 CS FOR HOUSE BILL NO. 170 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to participation of municipalities,
7 school districts, and other political subdivisions
8 under the Public Employment Relations Act and to
9 collective bargaining rights of school district
10 employees."

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

12 * Section 1. AS 23.40 is amended by adding a new section to read:

13 Sec. 23.40.075. APPLICABILITY. AS 23.40.070 - 23.40.260 applies
14 to an organized borough or a political subdivision of the state unless
15 the borough or subdivision has adopted an ordinance that permits
16 collective bargaining for its employees with either the right to
17 strike or binding arbitration as the final step in the negotiation
18 process.

19 * Sec. 2. AS 23.40.250(6) is amended to read:

20 (6) "public employee" means any employee of a public em-
21 ployer, whether or not in the classified service of the public em-
22 ployer, except elected or appointed officials, or teachers employed by
23 [OR NONCERTIFICATED EMPLOYEES OF] school districts;

24 * Sec. 3. Section 4, ch. 113, SLA 1972 is amended to read:

25 Sec. 4. This Act is applicable to organized boroughs and
26 political subdivisions of the state, home rule or otherwise, unless
27 the legislative body of the political subdivision, by ordinance or
28 resolution, rejects having its provisions apply. However, if a
29 municipality receives funds from the state under AS 29.60.010 -

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29.60.080 or 29.60.350 - 29.60.375, this Act is applicable to the municipality whether or not the legislative body of the municipality has rejected the application.

HOUSE COMMITTEE REPORT

(7)

Date referred: 3/20/87

FURTHER REFERRALS: Judiciary

DATE: 5-5-87

The Health, Education and Social Services Committee has considered HB 170

"An Act relating to participation of municipalities, school districts, and other political subdivisions under the Public Employment Relations Act and to collective bargaining rights of school district employees."

RECOMMENDS:

- replace with CSHB 170 the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published 3/17/87
- zero fiscal note same as previous zero fiscal note published 3/13/87
- zero with analysis

SIGNING DO PASS:

[Signature]
Nicola Koponin
Michael Rosenberg
Daniel Donley

SIGNING OTHER RECOMMENDATIONS:

Alice Vander - Do Not Pass
Bill Hansen - No Rec. Yet!
Carol E. Bell - D. Not Pass

[Signature]
 Vice-Chairman's signature
Nicola Koponin

H B

188

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
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POUCH Y - STATE CAPITOL
BUREAU, ALASKA 99511
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House Hess

April 8, 1987



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 16, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Teachers' Retirement System. This bill would eliminate state contributions to the system in situations in which the state is not the employer, and would make the teacher's employer responsible for all, rather than merely half, of the contributions other than those made by the teacher.

Section 1 of the bill deletes the word "one-half" from AS 14.25.070. That section now requires employers to contribute to the retirement fund one-half the percentage of the teachers' salaries which is required, in addition to teacher contributions, in order to provide the benefits of the system. With the deletion of the words "one-half," employers would be required to pay all of the percentage required, in addition to teacher contributions, in order to provide the benefits of the system.

Section 2 of the bill repeals AS 14.25.080, the section that now authorizes the state to pay the other half of the percentage required, in addition to teacher contributions, to provide the benefits of the system.

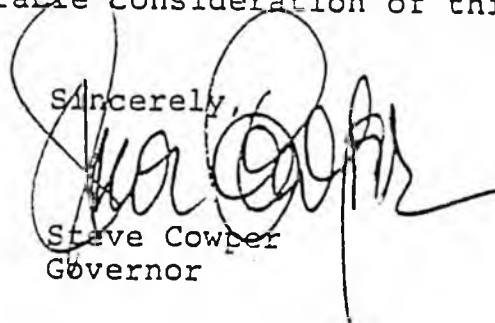
Because the cost of contributions to the Teachers' Retirement System is largely beyond the control of the state, and should be a cost considered by districts and other employers when negotiating contracts with teachers, it makes sense to have those contributions paid by the employers. Consideration of this transfer of responsibility has been anticipated in my budget proposal for FY 88. Money that would otherwise have been budgeted to pay the state's contribution has been considered instead in setting the funding levels for the public school foundation program, the university, and the Department of Education.

Hon. Ben Grussendorf

Page 2

I urge your prompt and favorable consideration of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper
Governor

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 188
Publish Date: HOUSE 3/18/87

Revision Date: _____

Agency Affected: Education

Title: An Act relating to the Teachers' Retirement System...

BRU: _____

Sponsor: Governor

Components: _____

Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)


GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The bill has no fiscal impact on this department.

Prepared by: Steve Hole 
Division: Commissioner's Office

Phone: 465-2800
Date: March 10, 1987

Approved by Commissioner: Marshall L. Lind
Agency: Education

Date: March 10, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION DIVISION OF RETIREMENT & BENEFITS

PLEASE REPLY TO:

P.O. BOX CR
JUNEAU, ALASKA 99811-0203
PHONE: (907)465-4460

2600 DENALI ST. SUITE 401
ANCHORAGE, ALASKA 99503
PHONE (907) 277-7504

Public Employees Retirement System
Teachers Retirement System
Judicial Retirement System
Elected Public Officers Retirement System
National Guard Retirement System
Territorial Retirement System
Retirees Voluntary Dental Vision-Audio Plan
Supplemental Benefits System
Group Health/Life Insurance Benefits
Deferred Compensation Plan
Public Employers Social Security Contributions

STEVE COWPER, GOVERNOR

March 17, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

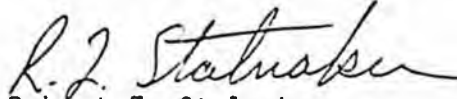
Dear Representative Grussendorf: HB188

Re: Law Log #773-87-0107

In accordance with AS 24.08.036, I am providing the analysis below on Law Log #773-87-0107. The analysis includes the long-term and short-term costs to the state if the bill is adopted and the impact the bill will have on the actuarial soundness of the Teachers' Retirement System (TRS) funds. Required changes to the appropriation for the Division of Retirement and Benefits are discussed in a separate fiscal note.

This bill would repeal the TRS State Match contribution, thereby eliminating the state share of direct contributions to the TRS when the state is not the employer. This would change the funding vehicle from the specific appropriation from the State's General Fund to appropriations to the school districts under the foundation formula program. Because the effect of this legislation is to change the funding vehicle, there should be no long-term or short-term costs to the state. There will not be any impact on the actuarial soundness of the retirement systems funds if this bill becomes law.

Sincerely,


Robert F. Stalnaker
Deputy Director

RFS/cam/7

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Law Log: #773-87-0107
Bill Version: HB 188
Publish Date: _____

REQUEST _____

Revision Date: _____
Title: An Act relating to the
Teachers' Retirement System
Sponsor: Governor
Requestor: _____

Agency Affected: Administration
BRU: Retirement and Benefits
Components: Retirement and Benefits

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER I/A & PGM RCPTS	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

An analysis of the impact of this bill on the actuarial soundness of the Teachers' Retirement System (TRS) funds is provided in the attached letter to House Speaker Grussendorf.

Prepared By: *R. F. Stalnaker*
Robert F. Stalnaker
Division: Retirement and Benefits

Phone: (907) 465-4470
Date: March 16, 1987

Approved by Commissioner: *Garrey Peska*
Agency: Department of Administration

Date: 3/18/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
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Office of Management and Budget
Impacted Agency(ies)